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INFO RUEHII/VIENNA IAEA POSTS COLLECTIVE PRIORITY  
RUEHBW/AMEMBASSY BELGRADE 0001  
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SENSITIVE  
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STATE FOR IO/T, ISN/MNSA, ISN/NESS, ISN/RA  
NA-20 BAKER/LOONEY/, NA-20.1 KOONTZ  
NA-21 BIENIAWSKI/SHEELY/ILIOPULOS/STAPLES/CUMMINS, NA-25  
HUIZENG/VOLGER, NA-243-GOOREVICH/BRUNNS; NA-241 O'CONNOR,  
LAMONTAGNE  
NRC FOR OIP - HENDERSON, SCHWARTZMAN

E.O. 12958: N/A

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SUBJECT: IAEA DIRECTOR GENERAL HAS NEW PERSPECTIVE ON VINCA SITE

11. (SBU)SUMMARY: IAEA Director General ElBaradei visited the Vinca Institute of Nuclear Sciences in Serbia and came away with a new level of concern and attention to the repackaging, transportation,

and reprocessing of nuclear fuel from Serbia to the Russian Federation. He has set a new target of signing an agreement for all removal activities by the mid-September 2009 General Conference and wants full repatriation completed by 2010. The IAEA is asking Russia to further shave its fees for this project and looking to several European funders for the necessary resources. End Summary.

12. (SBU) BACKGROUND: The IAEA Department of Technical Cooperation (TC) has a project to repatriate spent nuclear fuel from Research Reactor RA at the Vinca Institute of Nuclear Sciences, Serbia, to the Russian Federation. The USG has already committed to provide funding (estimated at about \$5 million) for the repackaging, transportation, and reprocessing of 8.6 kg of HEU fuel from Serbia to the Russian Federation. The IAEA assumed the responsibility for raising additional funds (estimated at \$15 million) to cover the costs of the removal of the 2.6 metric tons of LEU fuel. In addition to the fuel shipment, several other activities are occurring simultaneously at Vinca Institute, under the leadership of the IAEA, in order to decommission the reactor facilities. Many of these activities involve waste conditioning for storage and environmental clean-up. The USG has also provided security upgrades (at a cost of approximately \$1M) to protect vulnerable nuclear and radiological materials at the site that meet our mandate; however there are numerous other activities in which we do not have the mandate to support, given they are environmental in nature rather than for threat reduction.

13. (SBU) On July 3, DG ElBaradei visited the site and came away with a new sense of urgency to raise all the funding necessary to complete the project. There is currently a pledge shortfall of \$3 million, if the USG contributes another \$2 million (see below). The DG has set a new target of signing an agreement for all removal activities by the September 2009 General Conference and having full repatriation completed by next year. The IAEA is requesting additional funding from Norway and Sweden. Norway seems more willing to give some additional funding than Sweden. The Agency is also willing to look in the Technical Cooperation (TC) budget to close the gap, but is conscious of the standing G77 objection to the Secretariat tapping the TC program for HEU/LEU conversation and related activities.

14. (SBU) The US Department of Energy has conditionally agreed to contribute an additional \$2 million for this effort. The first condition is that the Russian Federation lowers the cost of repatriation by \$3 million. Currently, the cost is an estimated \$9.2 million. The second condition is that the IAEA come up with additional funding. Both of these conditions seem to be

attainable.

15. (SBU) Comment: It is clear that with heightened interest by the DG on this project and the end of his term drawing near, the Secretariat will push to secure from donors or identify from Agency resources the additional \$3 million, so that the agreement for removal can be signed in September. We would appreciate any insights from Embassies Stockholm and Oslo regarding the likelihood of the necessary funds from those host governments and will continue to emphasize here in Vienna that additional Department of Energy funding is conditional on IAEA's own fundraising success. END NOTE.

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